

cc: PB



SECRETARY OF STATE
FOR
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John Holmes Esq
Private Secretary to
the Prime Minister
10 Downing Street
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6 February 1997

Dear John

CUTS IN UNIVERSITY RESEARCH FUNDING

You wrote to Ken Lindsay on 23 January about the Prime Minister's short meeting with the Northern Ireland Party leaders and referred, amongst other things, to the point raised by Dr Paisley, on behalf of the Vice-Chancellor of the Queen's University, Belfast, about cuts in research funding. You indicated that the Prime Minister undertook to look into the matter.

The Secretary of State, in his statement of 10 December 1996 on the Public Expenditure Plans for Northern Ireland for the next three years, announced that in the light of renewed terrorist activity and public disorder, there was a need to restore Law and Order as the Government's top spending priority in Northern Ireland. Consequently, almost £120m extra has been provided for Law and Order over the period and, inevitably, this meant less resources were available for economic and social programmes. Difficult decisions therefore had to be taken about those areas where reductions needed to be made.



In regard to the overall level of funding allocated for Education in the Province, it was decided that resources should be concentrated on schools - and the classroom in particular - so as to maintain as far as possible the real value of the existing schools' budget.

In light of both these factors, higher education was one of the areas where reductions in funding were found to be necessary. It was decided that the level of research funding provided to the two Northern Ireland universities will be reduced by £4m in the 1997-98 academic year and by £6m in each of the subsequent two years.

In practice this will mean annual reductions in the developmental element of research funding, known as NIDevR. The NI universities are funded on a parity basis with institutions in England using the Higher Education Funding Council for England (HEFCE) formulaic method, except for the NIDevR element of their research funding which is additional to their parity based research allocation. This specifically Northern Ireland element was introduced in 1993-94 to bring about an improvement in the quality of research undertaken in Northern Ireland and both NI universities have shown a marked improvement in their ratings under the recently concluded 1996 UK Research Assessment Exercise.

The Northern Ireland Higher Education Council (NIHEC), which advises the Department of Education for Northern Ireland (DENI) on the planning and funding of higher education in NI, is currently undertaking, through consultants, a



two-phase review of the funding of university research in NI. Phase 1, which involved an examination of the impact of NIDevR funding, was completed in September 1996. Phase 2, which, inter alia, is looking at the quantum of research appropriate for NI in the light of the universities' recent success in the 1996 RAE, is due to be completed in March of this year.

NIHEC's review of the totality of university research funding will be an important factor in informing future research policies and funding levels and methodologies for Northern Ireland.

It is recommended that in his reply to Dr Paisley, the Prime Minister should express his regrets over the need in this difficult PE round to cut university research funding, but point to the NIHEC review as providing an opportunity to revisit the whole question of the level of research funding in Northern Ireland later this year.

A draft response is attached for consideration.

Yours ever
David G. Mc
for JOHN MCKERVILL